

WHAT IS CLAIMED IS:

1. A rotary drill bit for milling casing material and drilling subterranean formation material, comprising:

- a bit body having a shank portion for interconnection to a drill string, and a plurality of cutting elements extending from the bit body;
- a first set of the cutting elements adapted for milling casing material; and
- a second set of the cutting elements adapted for drilling subterranean formation material.

2. A rotary drill bit of Claim 1 wherein the first set of cutting elements are formed from a material that is less hard than the cutting elements of the second set.

3. A rotary drill bit of Claim 1 wherein the cutting elements of the first set are formed from a material selected from the group consisting of tungsten carbide, cubic boron nitride, and hardened steel.

4. A rotary drill bit of Claim 1 wherein the cutting elements of the second set are formed from a material selected from the group consisting of: polycrystalline diamond compact (PDC), thermally stable polycrystalline diamond product (TSP), natural diamond, cubic boron nitride, and tungsten carbide.

5. A rotary drill bit of Claim 1 wherein each of the cutting elements in the second set comprises a facing table of polycrystalline diamond bonded to a substrate of less hard material.

6. A rotary drill bit of Claim 1 wherein a portion of the first set of cutting elements has a tip exposure greater than or equal to a tip exposure of the second set of cutting elements.

7. A rotary drill bit of Claim 1 wherein the first set of cutting elements proceeds the second set of cutting elements in the direction of rotation.

8. A rotary drill bit of Claim 1 wherein the first set of cutting elements trails the second set of

cutting elements in the direction of rotation.

9. A rotary drill bit of Claim 1 wherein the cutting elements of the first set and the second set are radially interposed.

10. A rotary drill bit of Claim 1 wherein the cutting elements of the first set have a cross-sectional area different than the cutting elements of the second set.

11. A rotary drill bit of Claim 1 wherein the cutting elements of the first set have a face configuration different than the cutting elements of the second set.

12. A rotary drill bit of Claim 1 wherein the first set of cutting elements are mounted in a binding material that covers at least a portion of a gage portion of the bit body.

13. A rotary drill bit of Claim 12 wherein the binding material is removed by drilling through subterranean earthen materials.

14. A method of drilling a lateral wellbore from a casing set within a borehole, comprising:

(a) attaching a rotary drill bit for milling casing material and drilling subterranean formation material onto a drill string;

(b) moving the drill bit and the drill string into a casing set within a borehole;

(c) causing the drill bit to engage an inner surface of the casing whereby a first set of cutting elements on the drill bit remove casing material to mill a lateral opening in the casing;

(d) directing the drill bit and the drill string through the lateral opening so that a second set of cutting elements on the drill bit create a lateral wellbore in subterranean earthen material.